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IN THIS ISSUE:

Remarks—
Prepared for delivery by Secretary of Agriculture John R. Block before the National Corn Growers Associaton's annual convention, Springfield, Ill., July 18.

Testimony—
Testimony by Assistant Secretary of Agriculture William G. Lesher before the House Agriculture Committee's subcommittee on wheat, soybeans and feed grains, July 21.

News Releases—
USDA Notifies 25 Countries of Need to Correct Meat Inspection Deficiencies

Reserve IV Farmer-Owned Corn is Released

Charles L. Grizzle Named Acting Deputy Assistant Secretary

Block Appoints Richard Goldberg Deputy Under Secretary

508 New County Crop Insurance Programs Approved for 1984

Block to Meet With Canadian Agriculture Officials

USDA to Hold Technical Briefing on New Processing System for Surplus Foods

Nebraska Declared Free of Bovine Tuberculosis

Remarks

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Prepared for delivery by Secretary of Agriculture John R. Block before the National Corn Growers Associaton's annual convention, Springfield, Ill., July 18.

As I look over this group, I see a lot of familiar faces—some that take my thoughts back quite a few years. And when I start thinking back like that, it's really amazing to look at what's happened in agriculture since the National Corn Growers Association was founded in 1957. Or even since 1971, when I joined Rollie Main, John Curry, Don Love and Housel Roberts to form the Illinois Corn Growers Association. We've seen quite a few changes since those days.

Of course, agriculture has always been a dynamic industry. Two hundred years ago, farming was just a local affair, with 90 percent of our people working the land. Americans lived from hand to mouth in those days—and I mean literally.

Now—two centuries later—one farm worker supplies enough food and fiber for nearly 80 people. Today our hands provide more than for ourselves, more for our neighbors and more for the world. That means our hands are full—in more ways than one.

Back in 1971, I would have never expected to someday be meeting with leaders throughout the industry to talk about the kinds of issues we are facing today. But as you know, such a summit was held last week. In fact, I'd like to thank Jack Parsons for the strong lead which he took in those discussions.

I'll talk more about the summit later, but first I want to take a quick review of the scenario which eventually brought all of these industry leaders to the discussion table.

It started in the 1970s, when America geared up to produce for the world. We bought a lot; we borrowed a lot. Inflation, prices and expectations rose as quickly as a flash flood—and proved to be as dangerous.

In 1980, American agriculture found itself all dressed up with no place to go. The grain embargo meant we lost sales. More damaging, we also lost our reputation as a reliable world supplier.

Inflation and interest rates continued to rise, along with the value of the dollar. Large world supplies, global recession and lagging demand took their toll. We also began to see the growing use of export subsidies in world markets and rising feelings of protectionism all around.

As a result, U.S. agriculture's top customer—America—took to the sickbed. Our number two customer, the export market, was on its way there too. In this past fiscal year, our exports took a $4.7 billion plunge. Corn was hit hard with a drop of some 394 million bushels.

But America hasn't given up. Agriculture hasn't either. I agree with President Reagan: This nation's economy is beginning to sparkle. And it's getting brighter all the time.

In his press conference a few weeks ago, the president announced a revised forecast of this year's economic growth—from 4.7 percent in April to 5.5 percent today. There's more good news in the index of leading economic indicators, which had its 11th straight gain in 12 months.

As the economy grows healthier, so will agriculture. We're already on our feet. And let me tell you, we've got to stay there. We cannot depend on continued huge outlays from the government. You know as well as I that the cost is staggering. It cannot continue.

That's why I have called upon Congress to put the target prices on ice—to freeze them at 1983 levels. I'm not going to get into that subject too deeply since you already know what the situation is. You know that higher target prices will run counter to what we're trying to do with PIK.

We don't need more productivity right now. What we need is demand. In fact, the discussion leaders at last week's summit meeting reported to me that this came through loud and clear.

I know the National Corn Growers Association understands this. You know production must be targeted to the marketplace, not the government. Just take a look at the dairy situation, and nothing else needs to be said. There is not a person in this room who wants to see this happen to corn.

I'm happy to report to you that PIK is making a difference. The latest news is that corn carry over stocks for 1983/84 are projected at 2.1 billion bushels. That's down about 39 percent below 1982/83 stocks.

While I'm on the subject of PIK, let me just make a few general comments about the 1984 feed grain program. We need your help. If you haven't already, I hope you take time to let us know how you feel about the program and what changes, if any, you'd like to see.

Between your comments and our data, we hope to announce final program provisions well ahead of the November deadline required by law.

Of course, programs such as PIK are short term. But, when talking about the future of agriculture, I think we all realize that long-range planning is becoming very critical. But even more critical—we must plan together.

If last week's agricultural summit meeting is any indication, we're well on our way. I won't go into great detail about what was said at the summit. As I said earlier, Jack played a big role in the discussions and I'm certain he is forming some of his own observations for you. But I don't think he will mind if I offer some very general observations of my own.

The participants didn't answer all of today's farm questions, nor did we expect to. But what we did do was begin a very important dialogue in which we put our concerns on the table and started working together to make the pieces fit. And we showed America—and the world—that an active partnership in agriculture helps forge a stronger agriculture.

What I heard from the participants was this: A long-term agricultural policy is essential. They want a long-term policy that offers flexibility which will allow the industry to more easily absorb the shocks that are bound to come along the way.

Another message that I heard was that it is impossible to separate domestic policy from international policy. The two go hand in hand, and that was obvious during the summit discussions. As you recall, I said earlier that the summit participants appeared very much in favor of expanding exports. They knew that if agriculture is going to prosper, we must export.

On this subject, I'm happy to be able to say that the global situation is beginning to turn around. This world recovery will reap benefits for the worlds largest feed grain supplier, America. In fact, the current export forecast for the 1983/84 corn marketing year is 2.1 billion

bushels. Compare that with the slightly over 1.9 billion bushels this year.

But it's going to take more than renewed buying power for U.S. agriculture to reassert itself in the world market. This administration has one priority in trade policy, and that's to make our principles of free trade set the tone for international rules of agricultural trade.

So first we must pull back the reins on the use of export subsidies. And we must do that quickly—particularly in the European Community. A few weeks ago, we met with the Community to address export subsidies and other trade problems. Overall, I'm disappointed in what has been accomplished so far. But, we did agree to set up an informal working group on trade subsidies. And America made it crystal clear, we will not let those discussions prevent us from taking whatever steps are necessary to defend our trade interests.

As for a long-term agreement with the Soviet Union, I'll tell you this: We'll get the job done. I am confident of that. The next round of negotiations is scheduled for July 26 and 27.

Before I close, I'd like to remind you that this administration is committed to meet global competition head-on and to do it in a manner consistent with its policy of liberal trade.

— We are maximizing use of the Food for Peace Program;

— We have more than doubled the funds available for commercial export credit guarantees;

— We have implemented a program of blended export credit;

— And we have put more resources where they're needed most into our market development activities.

U.S. agriculture isn't afraid of change. In fact, we're the better for it. Let's continue taking an active role in charting agriculture's future. Let's continue making change work for us. The future of our nation depends on it.

Thank you.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Testimony by Assistant Secretary of Agriculture William G. Lesher before the House Agriculture Committee's subcommittee on wheat, soybeans and feed grains, July 21.

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to appear before you today and discuss the issues surrounding an early announcement of the 1984 feed grains program. While current law requires that we announce the 1984 feed grains program by Nov. 15, the bill under consideration, H.R. 3564, would mandate that it be made by no later than Sept. 16. While we support as early an announcement as possible and currently plan to announce the 1984 feed grains program much earlier than Nov. 15, we do not support the enactment of this legislation.

Certainly, we share the view that the feed grains program should be announced as early as possible and practical. Farmers need to know the program provisions to make their plans for fall field work. Fertilizer and seed dealers, as well as other input suppliers, need to adjust their inventories for the coming season. Nonetheless, we believe that a Sept. 16 date, as H.R. 3564 mandates, would be too early to allow for effective program design under uncertain future circumstances that no one can control. For example, if for some reason, the September crop report scheduled to be released Sept. 12 revealed some unexpected large change in the size of this year's corn crop, due to abnormal weather or other unexpected factors, there would not be sufficient time to modify the program to accommodate the change. Therefore, the August crop report would be the one upon which we would be basing our decision.

Significant changes can occur between preliminary production and carryout estimates and the final figures. For example, compared with final production over the last 10 years, the August corn production forecasts differed by an average of 4.5 percent, with a range of differences from 0.0 to 11.8 percent.

The difference between preliminary estimates of stocks and final estimates have been even more dramatic since changes in production, as well as demand, determine the final level of carryout. A look at some individual years reflects some startling changes.

In 1979, for example, the corn stocks forecast in August was 957 million bushels, compared with the final estimate of 1,617 million bushels—a 69 percent increase. Likewise, in 1981, the final estimate of 2,286 million bushels was 79 percent above the preliminary August estimate of 1,277 million bushels. Currently, ending stocks for the 1982 corn crop are estimated at 3,334 million bushels, 19 percent or 543 million bushels above the August 1982 forecast.

As would be expected, both production and stocks forecasts are more accurate the closer they are made to harvest time. Sometimes the later forecasts affect policy decisions. Like last year, some of the changes in the forecasts were significant enough to cause the need to reexamine the farm programs. This suggests that an early announcement of the feed grains program is inadvisable when production adjustment provisions are being considered. The errors made with too early of an announcement are too great and the risks too high.

Historically, the feed grains announcement has not been made as early as required by this bill. During the past 10 years, the average announcement date for the feed grain program was Oct. 23. In most years when the program was announced early, acreage adjustment programs were not in effect, as indicated by the table attached to your copies of my testimony.

Barring some unforeseen developments, we intend to announce the 1984 feed grains program by Sept. 30. This would be a full month and a half before the statutory deadline. Moreover, an announcement by the end of September would allow most farmers and input suppliers ample time to make their planning decisions for the coming season.

As this subcommittee knows, Secretary Block announced the general guidelines for the 1984 wheat program on July 1, 1983, with the final program provisions due when a decision on the target price level is made by the Congress. We believe that a 1984 feed grains program announcement by Sept. 30 would also be helpful to farmers and the total agricultural sector.

Thank you Mr. Chairman. Again, I appreciate the subcommittee's interest in this matter and will be happy to answer your questions.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

USDA NOTIFIES 25 COUNTRIES OF NEED TO CORRECT MEAT INSPECTION DEFICIENCIES

WASHINGTON, July 15—The U.S. Department of Agriculture has notified inspection officials in 25 countries that they must correct deficiencies in their inspection programs if they want to continue exporting meat to the United States after Jan. 1, 1984.

Under the 1981 farm bill, imported products must meet domestic standards for sanitation, species verification and residue detection, according to L.L. Gast, associate administrator of USDA's Food Safety and Inspection Service.

"USDA has been working with the governments of all countries eligible to export meat to the United States to assure compliance with U.S. standards, but these 25 have thus far not met our requirements," he said. "Therefore, they risk not being able to ship meat to the U.S. after the first of the year."

The 25 countries are: Argentina, Belgium, Brazil, Bulgaria, Costa Rica, Czechoslovakia, Dominican Republic, El Salvador, France, Germany, Guatemala, Haiti, Honduras, Iceland, Ireland, Italy, Mexico, the Netherlands, Nicaragua, Panama, Romania, Sweden, Switzerland, Taiwan and Uruguay.

Gast said nearly 90 percent of U.S. meat imports come from eight countries with inspection programs that currently meet requirements. USDA also sent cables to inspection officials in these eight countries to tell them their inspection programs are in full compliance with the law: Australia, Canada, Denmark, Finland, Hungary, New Zealand, Poland and Yugoslavia.

"USDA inspectors examine each shipment of imported meat at its point of entry to the U.S. Therefore, there are no health concerns," Gast said. "However, the law is very clear that countries must meet specific requirements if they want to export meat to the U.S. We are complying with the law and again notifying these countries that our continuing reviews of their inspection programs show specific inadequacies in residue testing or species verification. These countries

still have time to correct any deficiencies in their inspection systems before Jan. 1."

According to Gast, some of the countries need to make only slight improvements, such as testing for a compound in the organ tissue in which that particular residue would settle. Others need to expand their programs to allow testing for new compounds, which requires new equipment, training and laboratory upgrading.

USDA's Food Safety and Inspection Service is reponsible for assuring that meat and poultry sold in interstate and foreign commerce is wholesome, unadulterated and truthfully labeled.

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RESERVE IV FARMER-OWNED CORN IS RELEASED

WASHINGTON, July 15—Corn in the farmer-owned reserve IV was released for redemption, effective immediately, by Everett Rank, executive vice president of the U.S. Department of Agriculture's Commodity Credit Corporation.

Reserve IV corn is corn placed in reserve between Oct. 6, 1981, and July 1, 1982.

Rank said this means farmers now may sell—but are not required to sell—their reserve corn after repaying their CCC price support loans. However, he said, farmers may not repay reserve corn loans that are needed for their payment-in-kind entitlement.

The reason for today's action, he said, was that the national average price received by farmers for corn had reached the $3.15 per bushel release level.

Current USDA activity reports show 1.147 billion bushels of corn in reserve IV. However, a substantial quantity of this corn has been designated for the payment-in-kind program or sold to CCC under the PIK acquisition program and therefore will not be available for immediate redemption.

USDA makes storage payments to farmers with grain in the reserve. Upon repayment of the loan, farmers can keep the storage payments earned through the date of repayment.

Release of reserve IV corn will continue through Aug. 31, Rank said. If the five-day national average market price remains at or above $3.15 on Sept. 1, storage earnings will stop and interest on the price support loan will begin to accrue for corn that has been in the reserve for more than one year. Interest already is accruing on loans for corn that has been in reserve less than one year.

If the Sept. 1 price falls below $3.15, reserve IV corn no longer will be in release status and farmers will continue earning storage payments.

Data used by CCC in determining the release level include five-day moving average prices—as reported by USDA's Agricultural Marketing Service — which show prices bid by buyers at selected markets, and a month-end report of prices received by farmers issued by USDA's Statistical Reporting Service. This report shows the previous month's average price and the current mid-month price.

The four daily corn markets CCC reviews are Kansas City, Omaha, St. Louis and Minneapolis. The five-day average of these market prices, adjusted to reflect prices received by farmers, was the basis for today's action.

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CHARLES L. GRIZZLE NAMED ACTING DEPUTY ASSISTANT SECRETARY

WASHINGTON, July 19—Effective immediately, Charles L. Grizzle has been designated acting deputy assistant secretary for administration of the U.S. Department of Agriculture, John J. Franke, assistant secretary for administration announced.

Grizzle came to USDA in February 1982 as staff assistant to the director, office of operations and finance. In June of 1982, he was appointed as a confidential assistant to Secretary of Agriculture John R. Block. Before coming to USDA, he had been executive director of the Republican party of Kentucky.

Grizzle has long involvement in Kentucky Republican politics. He served as deputy chairman for President Reagan's campaign in 1980, and state youth chairman for former Sen. Marlow W. Cook in 1974.

From 1974 to 1981 he worked as a bank officer for the First National Bank of Louisville.

Born in Argillite, Ky., in 1948, he holds a bachelor of arts degree in political science from the University of Kentucky.

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BLOCK APPOINTS RICHARD GOLDBERG DEPUTY UNDER SECRETARY

WASHINGTON, July 21—Richard Goldberg of West Fargo, N.D., has been appointed deputy under secretary of agriculture for international affairs and commodity programs by Secretary of Agriculture John R. Block.

Goldberg, president of Goldberg Feed and Grain Co. in West Fargo, will begin working with Under Secretary Daniel Amstutz on Aug. 1.

"The importance of the link between world agricultural trade and our domestic commodity programs is becoming more apparent as we look to the future of American agriculture," Block said. "Mr. Goldberg's experience and background provide a welcome addition to our team as we address these critical issues."

Goldberg has been a member of the Joint Agricultural Technical Advisory Committee on Grain and Feed to the U.S. Trade Representative and the Secretary of Agriculture. He has also held positions with the Minneapolis Grain Exchange and the National Grain and Feed Association.

Goldberg received his Juris Doctor from the University of Miami. He is a member of the North Dakota, Florida and American Bar Associations and is admitted to practice in the District of Columbia.

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508 NEW COUNTY CROP INSURANCE PROGRAMS APPROVED FOR 1984

WASHINGTON, July 21—The Federal Crop Insurance Corporation approved 508 new county crop insurance programs for 1984.

"This latest expansion," said Merritt Sprague, manager of the U.S. Department of Agriculture agency, "is part of the corporation's overall goal to make crop insurance available in all counties for all crops."

Crop insurance is available for 28 crops, but insurance is not available on all these crops in every county throughout the United States.

Soybeans received the greatest expansion with 117 new county programs added; tobacco followed with 86 new county programs.

Other newly expanded county crop programs include: potatoes, 47; dry beans, 46; peanuts, 38; sweet corn, 35; sunflowers, 30; sugar beets, 18; grapes, 17; oats, 16; apples, 12; forage production, 12; flax, 11; peas, 11; tomatoes, 7; and citrus, 5.

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BLOCK TO MEET WITH CANADIAN AGRICULTURE OFFICIALS

WASHINGTON, July 21—Secretary of Agriculture John R. Block will meet with top Canadian agriculture officials in Ottawa July 27 to discuss agricultural trade.

"These meetings will continue the on-going dialogue between our two countries on agricultural matters," Block said. "As two of the world's major farm producers—and as neighbors—it is to our mutual advantage to work together on agricultural problems."

Block is scheduled to meet with Eugene Whelan, Canada's minister of agriculture; Sen. Hazen Argue, minister of state for the Canadian Wheat Board; and Edward C. Lumley, minister of industry, trade and commerce.

The meetings are expected to include discussions about production and trade practices and about the world grain situation.

Block will leave Washington July 26 and return July 28.

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USDA TO HOLD TECHNICAL BRIEFING ON NEW PROCESSING SYSTEM FOR SURPLUS FOODS

WASHINGTON, July 22—The U.S. Department of Agriculture's Food and Nutrition Service on July 28 will hold a technical briefing for food processors interested in participating in USDA's National Commodity Processing System. The briefing will be held from 1:00 until 4:00 in the USDA's Jefferson Auditorium at 12th and Independence Ave., S.W., Washington, D.C.

The meeting will provide processors with detailed information regarding the new system, Assistant Secretary of Agriculture Mary C. Jarratt said. The system will allow the Food and Nutrition Service to ship USDA process and Cheddar cheese, butter, nonfat dry milk and honey directly to commercial food processors, for use in the manufacture of processed foods.

These foods then must be sold to eligible schools, charitable institutions or other outlets at reduced prices that reflect the value of the donated commodities contained in them. Jarratt said the new plan will make processed foods available to schools and institutions which are not able to get them now. Because the system requires a processor to sign only one agreement, USDA hopes more firms will elect to participate.

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NEBRASKA DECLARED FREE OF BOVINE TUBERCULOSIS

WASHINGTON, July 21—Nebraska has been recognized as the 22nd state to become free of bovine tuberculosis, a U.S. Department of Agriculture veterinarian said today.

"Nebraska's consistently strong tuberculosis testing program and its diligent investigations of suspicious cases have exemplified its commitment to eradication of the disease," said Dr. Dean A. Price, acting director of the North Central region of USDA's Animal and Plant Health Inspection Service.

He presented a certificate recognizing the state as tuberculosis-free to Robert Ruan, director of agriculture for Nebraska.

"Nebraska has enacted a livestock dealer law that requires complete recordkeeping," Price said. "This enables state and federal veterinarians to trace many types of infection back to source herds."

Nebraska's last confirmed tuberculosis outbreak was eliminated in 1977.

Price said Nebraska has ranked in the top third of states in testing for tuberculosis. A total of 21,664 cattle in 1,399 herds were tested during fiscal year 1982.

Recent statistics show the United States has approximately 112 million cattle in 1.6 million herds. Since the start of the tuberculosis eradication program in 1917, over 514 million cattle have been tuberculin tested. Of this number, 10.25 million have been tested in Nebraska with 57,492 removed because they reacted to the test. Nationally, the reactor rate has decreased from almost 5 percent in 1918 to .01 percent in 1982.

"Tuberculosis is an insidious disease with a long delayed incubation period," Price said. "It could spread readily were it not for the cooperative state-federal tuberculosis eradication program, which Nebraska has supported so well."

Other states that have been formally recognized as free of bovine tuberculosis are Arizona, Colorado, Connecticut, Maine, Maryland, Michigan, Minnesota, Montana, New Hampshire, New Jersey, New

Mexico, New York, North Carolina, North Dakota, Rhode Island, South Carolina, Utah, Vermont, Virginia, Wisconsin, Wyoming and the U.S. Virgin Islands.

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